

# CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

F&C Bancorp, Inc. and F&C Bank (subsidiary bank)

Point of Contact:	Robert E. Mickey	RSSD: (For Bank Holding Companies)	2168931
UST Sequence Number:	1038	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	2,993,000	FDIC Certificate Number: (For Depository Institutions)	9378
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	May 22, 2009	City:	Holden
Date Repaid <sup>1</sup> :	N/A	State:	Missouri

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

F&C Bank has made a concerted effort to market our willingness to make loans and has continued to provide funding to credit-worthy borrowers. We remain an active lender in our service area and have experienced a moderate increase in loan demand over the past year.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

F&C Bank is the most active agricultural loan lender of banks in our market. Strong ag product demand has kept ag loan demand fairly active. We have also increased our use of SBA guaranteed loans since we received TARPS funds. Small business and residential loans are also significant.

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☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☐ Increase reserves for non-performing assets.

☒ Reduce borrowings.

Having a history of an active lender, F&C Bank has made use of wholesale funding sources to supplement our primary source, our depositors. TARP funds have boosted our liquidity position by reducing our need for wholesale funding, which tends to please bank regulators.

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☐ Held as non-leveraged increase to total capital.

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### What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

F&C Bank was able to avoid seeking other new contingency sources of equity capital that could have been required had the bank experienced unusually high loan losses during the period on extreme economic uncertainty that prevailed from 2008-2010. While we are pleased that such losses were avoided in actual experience during that period, the bank's conservative operating philosophy directed us to acquire TARP funds as a preemptive action that would allow us to continue our important role in funding lending in our service area had loan portfolio weaknesses become too severe.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.